HORNED CATTLE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2001

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Horned Cattle Fund as at March 31, 2001 and the statements of revenues, expenditures and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 31, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2001	2000
Financial Assets:		
Due from General Revenue Fund (Note 3)	$ 187,702	$ 246,015
Accounts receivable (Note 5)	47,830	47,066
Accrued interest receivable	2,717	2,229
	$ 238,249	$ 295,310
Liabilities:		
Accounts payable	$ 220	$ 96,662
Net financial assets (Statement 2)	$ 238,029	$ 198,648

(See accompanying notes to the financial statements)

Statement 2

HORNED CATTLE FUND
STATEMENT OF REVENUES, EXPENDITURES AND NET FINANCIAL ASSETS
Year Ended March 31

	Budget 2001 (Note 7)	Actual 2001	Actual 2000
Revenues			
Deductions (Note 1)	$ 178,000	$ 141,914	$ 157,362
Less Commissions	3,000	2,383	2,587
Net deductions	175,000	139,531	154,775
Cattle sales	50,000	160,905	132,079
Interest revenue (Note 3)	5,000	10,065	7,001
Miscellaneous revenue	---	---	2,000
Total revenue	230,000	310,501	295,855
Expenditures			
Grants	120,000	93,599	120,000
Project operating costs (Note 6)	50,000	160,905	140,342
Administration (Note 9)	15,100	15,000	15,000
Advisory Committee and other expenses	2,500	1,616	2,012
Total expenditures	187,600	271,120	277,354
Surplus for the year	$ 42,400	39,381	18,501
Net financial assets, beginning of year		198,648	180,147
Net financial assets, end of year (Statement 1)		$ 238,029	$ 198,648

(See accompanying notes to the financial statements)

Statement 3

HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2001	2000
Cash flows from operating activities:		
Cash receipts from deductions	$ 138,767	$ 174,563
Cash receipts from cattle sales	160,905	132,079
Cash paid to suppliers and Advisory Committee	(273,963)	(69,446)
Grant payments	(93,599)	(120,000)
Interest and other receipts received	9,577	6,649
Cash flows from operating activities	(58,313)	123,845
Net (decrease) increase in cash and cash equivalents	(58,313)	123,845
Due from General Revenue Fund, beginning of year	246,015	122,170
Due from General Revenue Fund, end of year	$ 187,702	$ 246,015

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

1. Legislative Authority

The Horned Cattle Fund is continued under *The Horned Cattle Purchases Act*. The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all expenditures from the Fund subject to the approval of the Minister of Agriculture and Food.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers pay the vendor's market price less $2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers to submit $2.00 for each head of cattle less a $0.03 per head commission to the Fund.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded as expenditures when approved and the eligibility criteria, if any, have been met by the recipient.

c) Cattle

Cattle are sold on a regular basis from the cattle herd at the Western Beef Development Centre. The revenue is recognized when the cattle are sold.

Cattle purchases are made for the purpose of research and development to improve the livestock industry. Cattle are recorded as expenditures when purchased. The estimated realizable value of the cattle herd at the Western Beef Development Centre at year-end is $307,350 (2000 - $296,300).

3. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2000/01 is 5.59% (1999/00 is 4.79%).

4. Commitments

At year-end, the Fund's Advisory Committee approved grants totalling $70,000 (2000 – $128,599) for payment in future years when the recipient meets the eligibility criteria.

5. Swift Current Project

The Swift Current Project was established under a 1998 agreement with Agriculture Canada. The project will end on October 31, 2003. Under the agreement, Agriculture Canada carries out beef forage research on cattle provided by the Fund at the beginning of the project to the Swift Current Research Station (Station). The Station uses proceeds from the sale of cattle to pay for feed and care of the cattle that it uses in its research. Upon termination of the agreement, $30,000 will be paid to the Fund by the Research Station and the remaining assets will revert to Agriculture Canada. Included in the Fund's accounts receivable is $30,000 receivable from the Station.

All activities related to the cattle are those of the Station and are not shown in these financial statements.

6. Western Beef Development Centre

The Minister of Agriculture and Food entered into an agreement with the Western Beef Development Centre (WBDC) on December 1, 1996. This agreement expires on November 30, 2001. The agreement provides for the Fund to loan cattle to WBDC for research purposes. At the conclusion of the agreement, all funds remaining in the account are to be returned to the Fund. The Fund provides money from its cattle sales to WBDC to pay for the following research costs:

	Western Beef Development Centre	
	2001	2000
Feed supplements	$ 75,068	$ 23,262
Salaries	33,492	40,649
Equipment and building repairs	18,529	12,232
Tillage, seeding and manure removal	7,215	20,221
Veterinary services and supplies	6,311	5,534
Utilities, license & insurance	6,047	9,619
Municipal taxes	4,325	8,098
Fuel	4,016	6,985
Trucking and travel	2,339	5,403
Equipment rental	1,825	6,897
Miscellaneous	1,233	1,442
Cattle purchases	505	---
	$ 160,905	$ 140,342

7. 2000/01 Budget

The Advisory Committee approved the 2000/01 budget on January 20, 2000.

8. Financial Instruments

Accounts receivable, accrued interest and accounts payable are non-interest bearing and are due or payable within the next year. Due from General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

9. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The Fund paid grants of $71,099 (2000 - $65,000) to the University of Saskatchewan.

Livestock Services Revolving Fund provides administrative services to the Fund for an annual fee of $15,000 (2000 - $15,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

Schedule 1

HORNED CATTLE FUND
DETAILED LIST OF EXPENDITURES (UNAUDITED)
For the Year Ended March 31

	2001	2000
Personal Services:		
Board member costs	$ 595	$ 815
Travel:		
Other	1,021	1,197
Grants:		
University of Saskatchewan:		
Western College of Veterinary Medicine	36,099	30,000
Veterinary Infections Disease Organization	35,000	35,000
Canada Beef Export Federation	---	50,000
Foundation of Animal Care	7,500	5,000
Saskatchewan Cattle Feeders Association	15,000	---
	93,599	120,000
Supplier Payments:		
Western Beef Development Centre	160,905	140,342
Payees under $20,000	15,000	15,000
	175,905	155,342
	$ 271,120	$ 277,354